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Interim Chief Executive Officer

County of Los Angeles
CHIEF EXECUTIVE OFFICE
Kenneth Hahn Hall of Administration
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"To Enrich Lives Through Effective And Caring Service"

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August 18, 2015

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**APPROVE THE INTRODUCTION AND SCHEDULE FOR ADOPTION AN
ORDINANCE TO AMEND THE EXISTING WATER PIPELINE FRANCHISE
GRANTED TO VALENCIA WATER COMPANY
(FIFTH DISTRICT)
(3 VOTES)**

SUBJECT

Approval of the recommendations will introduce and schedule for adoption an ordinance to amend the existing water pipeline franchise granted to Valencia Water Company by Ordinance No. 91-0042F, as amended, to extend the term of the franchise to December 31, 2018; clarify the exclusion on the transportation of hazardous substances or hazardous waste; expand the southerly boundary of the franchise area; and make other minor changes to clarify certain provisions in the ordinance.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that this project is categorically exempt under the California Environmental Quality Act pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board of Supervisors on November 17, 1987, and Section 15301 (Existing Facilities) of the State of California Guidelines for the implementation of the California Environmental Quality Act.
2. Introduce, waive reading, and place on the Board of Supervisors' agenda for adoption on August 25, 2015, an ordinance to amend the water pipeline franchise granted to Valencia Water Company by Ordinance No. 91-0042F, as amended, to extend the term of the franchise to December 31, 2018; clarify the exclusion on the transportation of hazardous substances or hazardous waste; expand the southerly boundary of the franchise area; and make other minor changes to clarify certain provisions in the ordinance.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of these recommended actions is for the County of Los Angeles (County) Board of Supervisors (Board) to introduce and schedule for adoption an ordinance to amend the water pipeline franchise granted to Valencia Water Company (VWC), by Ordinance No. 91-0042F, as amended, to extend the term of the VWC franchise to December 31, 2018; clarify the exclusion on transportation of hazardous substances or hazardous waste; expand the southerly boundary of the franchise area; and make other minor changes to clarify certain provisions in the ordinance.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal of Operational Effectiveness/Fiscal Sustainability (Goal 1) directs that we maximize the effectiveness of processes, structure, operations, and strong fiscal management to support timely delivery of customer-oriented and efficient public services. To introduce and schedule for adoption an ordinance to amend the VWC water pipeline franchise is consistent with this goal.

FISCAL IMPACT/FINANCING

VWC paid the County a one-time fee of \$5,000 to process an ordinance to amend the franchise, and will continue to pay an annual franchise fee of 2 percent of the gross annual receipts from the use, operation, or possession of the franchise, but not less than 1 percent of the gross annual receipts from the sale of water in unincorporated areas. For the 2014 calendar year, VWC reported over \$8.93 million from the sale of water in the franchise area and paid the County an annual franchise fee of \$179,105.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On March 7, 1991, the Board adopted Ordinance No. 91-0042F granting a water pipeline franchise to VWC for a term of 25 years that became operative retroactively on December 17, 1990, and will expire on December 16, 2015. The VWC franchise was amended in February 2013 with an administrative consent letter to reflect a 100 percent change in control of the franchise rights when Castaic Lake Water Agency (CLWA), a California State Water Project contractor and water wholesaler, acquired all of VWC's common stock in eminent domain proceedings.

VWC was incorporated in 1954 as Saugus Water Company and changed its name to VWC in 1965. Although VWC is now a privately held corporation, VWC was a regulated public utility water company from October 1965 to February 2014, when the California Public Utilities Commission (CPUC) ruled that due to CLWA's acquisition of all the company's stock, VWC could no longer be regulated by the CPUC.

CLWA provides supplemental wholesale water to the Santa Clarita Valley using local groundwater, State Water Project water from northern California, recycled water, and other water sources delivered by four local water purveyors, VWC, County Waterworks District No. 36, Newhall County Water District, and its Santa Clarita Water Division. VWC has 31,000 water connections serving 118,000 customers with 10,450 connections serving 40,000 customers in the Valencia, Stevenson Ranch, Newhall, Saugus, and Castaic unincorporated communities.

Approximately 50 percent of VWC's water is pumped from 19 groundwater wells and 50 percent is imported water purchased from CLWA at seven wholesale connections. VWC operates 144 miles of water mains in highways in unincorporated areas and has requested to expand the southerly boundary of the franchise area for extensions of service in Stevenson Ranch.

Adopting the accompanying ordinance to amend the VWC franchise will avoid the expiration of the franchise in December of this year and allow additional time for the Chief Executive Office (CEO) and County Counsel to obtain Board approval of proposed updates to the County's franchise regulations in County Highway Code (Title 16), prior to renewing the VWC franchise for a longer term.

ENVIRONMENTAL DOCUMENTATION

This project is categorically exempt under the California Environmental Quality Act (CEQA) pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board on November 17, 1987, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

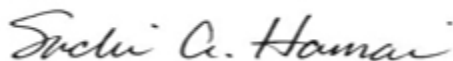
IMPACT ON CURRENT SERVICES (OR PROJECTS)

This project will not impact or negatively affect current services or future projects. The Department of Public Works has reviewed this recommendation and expressed no objection. County Counsel has reviewed and approved as to form the ordinance to amend the VWC franchise.

CONCLUSION

It is requested that the Executive Office, Board of Supervisors, return a conformed copy of this adopted recommendation and the certified ordinance to Mr. Keith Abercrombie, General Manager, Valencia Water Company, 24631 Avenue Rockefeller, Valencia, CA 91355, and the offices of the Department of Public Works, and CEO, Real Estate Division.

Respectfully submitted,



SACHI A. HAMAI

Interim Chief Executive Officer

SAH:TT:CMM

KW:RB:ls

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Public Works

ANALYSIS

This ordinance amends the water pipeline franchise granted to Valencia Water Company by Ordinance No. 91-0042F, by extending the term of the franchise to December 31, 2018, clarifying the exclusion on the transportation of hazardous substances or hazardous waste; expanding the franchise area southerly boundary; and making other minor changes to clarify certain provisions in the ordinance.

MARY C. WICKHAM
Interim County Counsel

By



KATHY BRAMWELL
Principal Deputy County Counsel
Contracts Division

KB:pt

Requested: 7/9/15
Revised: 7/20/15

ORDINANCE NO. _____

An ordinance amending Ordinance No. 91-0042F, as amended, a water pipeline franchise granted to Valencia Water Company.

The Board of Supervisors of the County of Los Angeles ordains as follows:

SECTION 1. Section 1 of Ordinance No. 91-0042F, as amended, is hereby amended to read as follows:

SECTION 1. Franchise Term; Grant.

The right, privilege, and franchise is granted to Valencia Water Company ("Franchisee"), its successors and assigns, ~~to lay or construct from time to time and for the period of twenty-five (25) years through December 31, 2018, to lay, construct, reconstruct,~~ maintain, operate, repair, renew, change the size of, remove or abandon in place pipes and pipelines for the transportation and distribution of water, waste water, mud, steam and other liquid substances, ~~except~~ excluding any hazardous substances or hazardous waste within the meaning of the "Comprehensive Environmental Response Compensation and Liability Act of 1980", 42 U.S.C. section 9601 et seq., as it may hereafter be amended, the "~~Federal Pollution~~ Water Pollution Control Act", 33 U.S.C. 1251 et seq., as it may hereafter be amended, and the "Solid Waste Disposal Act", 42 U.S.C. 6901 et seq., as it may hereafter be amended, (provided, however, that this exclusion shall not apply to substances in such amounts that are generally accepted as appropriate for the treatment of water), together with all manholes, valves, appurtenances and service connections necessary ~~or convenient~~ appropriate for the operation of said pipes and pipelines, including poles, conduits, wires, cables and other appurtenances and equipment for telegraph or telephone lines, or both, necessary or

~~convenient~~ appropriate solely for the Franchisee's ~~business operations~~ in, under, along, or across those portions of the highways as defined in Section 16.36.080 of the Los Angeles County Code now or hereafter dedicated to public use in the unincorporated territory of the County of Los Angeles, State of California, within the following described boundaries and which are shown on the map entitled Exhibit A-1 attached hereto ~~which is and~~ incorporated herein by this reference.

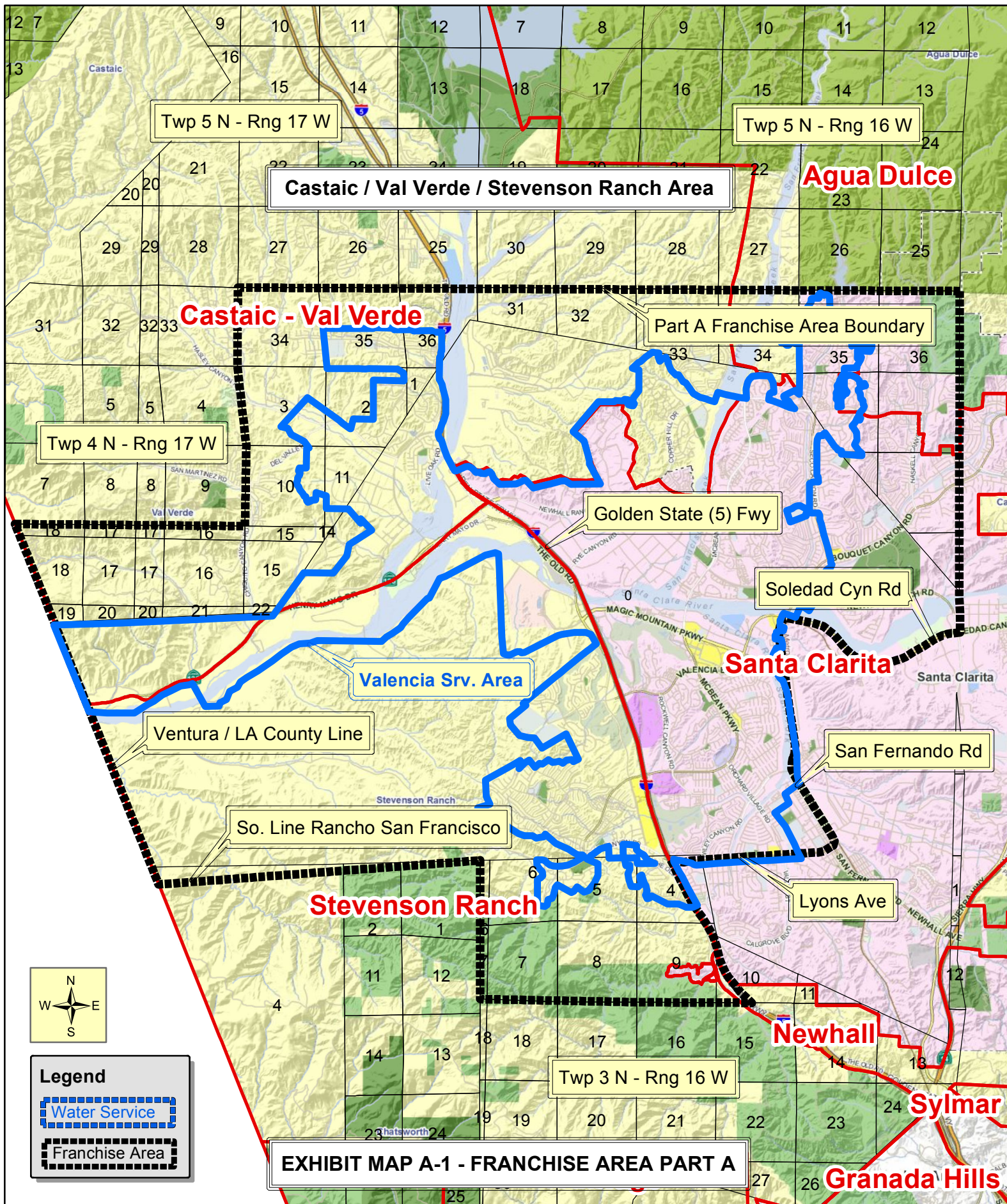
Part A. Castaic / Val Verde / Stevenson Ranch Area.

That portion of the unincorporated territory of the County of Los Angeles ("County"), within the following described boundaries:

Beginning at the northeast corner of Section 36, Township 5 North, Range 16 West, San Bernardino Baseline and Meridian ("S. B. M."); thence westerly along the northerly boundary of said Section 36 and prolongation thereof to the northwest corner of Section 34, Township 5 North, Range 17 West, S. B. M.; thence southerly along the westerly boundary of said Section 34 and prolongation thereof to the northwest corner of Section 15, Township 4 North, Range 17 West, S. B. M.; thence westerly along the northerly boundary of said Section 15 and prolongation thereof to the westerly boundary of Los Angeles County; thence southeasterly along said Los Angeles County boundary to the southerly boundary of Section 32, ~~Township 4 North, Range 17 West, S. B. M.~~ Rancho San Francisco as shown on the map recorded in Book 1, Pages 521 and 522, of Patents, in the office of the County Recorder of said County; thence easterly along the southerly boundary of said ~~Section 32 and prolongation thereof~~ Rancho San Francisco to the ~~southwest~~ northwest corner of ~~Section 31, Township 4 North, Range 16 West, S. B. M.~~; thence ~~southerly along the westerly boundary of said Section 31 and~~

~~prolongation thereof to the southwest corner of~~ Section 6, Township 3 North Range 16 West, S. B. M.; thence easterly southerly along the southerly westerly boundary of said Section 6 and prolongation thereof to the southwest corner of Section 7 of Township 3 North Range 16 West, S.B.M.; thence easterly along the southerly boundary of said Section 7 and prolongation thereof to the easterly boundary of the Golden State Freeway as same existed on September 26, 1990; thence northerly along the easterly boundary of said Golden State Freeway to the southerly boundary of Lyons Avenue as same existed on September 26, 1990; thence easterly along the southerly boundary of Lyons Avenue to the easterly boundary of San Fernando Road as same existed on September 26, 1990; thence northerly along the easterly boundary of San Fernando Road to the southerly boundary of Soledad Canyon Road as same existed on September 26, 1990; thence easterly along the southerly boundary of Soledad Canyon Road to the easterly boundary of Section 24, Township 4 North, Range 16 West, S. B. M.; thence northerly along the easterly boundary of said Section 24 and prolongation thereof to the point of beginning. The operative date of this ordinance shall be December 17, 2015.

[VALWTRCOPIPEFRNPTCC]



<p>Date July 2015</p>	<p align="center">COUNTY OF LOS ANGELES - CHIEF EXECUTIVE OFFICE Valencia Water Company Castaic / Val Verde / Stevenson Ranch Unincorporated Area</p>	<p>Valencia Water Co. Amend 91-0042F</p>
<p>Fifth (5th) Supervisory District</p>		<p align="center">Agent R. Ball</p>